

November 22, 2001

IN RE: DOCKET NO. 2000-457-C – AM-TEL South Carolina, LLC. –
Application for a Certificate of Public Convenience and Necessity to
provide Local Exchange Telecommunications Services within the State
of SC.

**COPY OF TESTIMONY OF WILLIAM P. BLUME AND EDDIE COATES
ON BEHALF OF COMMISSION STAFF HAS BEEN DISTRIBUTED TO
THE FOLLOWING:**

E. Coates

Legal (2)

Exec. Director

Manager, Utils Dept.

Audit (2)

Commissioners (7)

pao

COMMISSIONERS
WILLIAM "BILL" SAUNDERS, 1ST DISTRICT
CHAIRMAN
H. CLAY CARRUTH, JR., 5TH DISTRICT
VICE CHAIRMAN



COMMISSIONERS
JAMES BLAKE ATKINS, Ph.D., 2ND DISTRICT
RANDY MITCHELL, 3RD DISTRICT
PHILIP T. BRADLEY, 4TH DISTRICT
MIGNON L. CLYBURN, 6TH DISTRICT
C. ROBERT MOSELEY, AT LARGE

GARY E. WALSH
EXECUTIVE DIRECTOR
Phone: (803) 896-5100
Fax: (803) 896-5199

The Public Service Commission State of South Carolina

PO Drawer 11649
Columbia, SC 29211
Koger Executive Center
101 Executive Center Dr.
Columbia, SC 29210
www.psc.state.sc.us

November 22, 2000

Honorable Gary E. Walsh
Executive Director
Public Service Commission of South Carolina
Post Office Drawer 11649
Columbia, South Carolina 29211

IN RE: DOCKET NO. 2000-457-C - AM-TEL South Carolina, LLC.

Dear Mr. Walsh:

Pursuant to R.103-869 of the Commission's Rules and Regulations, I am herein enclosing the original and twenty-five (25) copies of the Testimony and Exhibits intended to be offered by the two (2) witnesses for the Commission Staff in the above referenced proceeding. By copy of this letter, I am serving copies of the testimony and exhibits on the parties of record in this proceeding.

If I may be of further assistance, please do not hesitate to contact me.

Very truly yours,

A handwritten signature in cursive script that reads "Jocelyn D. Green".

Jocelyn D. Green
Staff Attorney

JDG:pao

Enclosures:

cc: All Parties of Record

02C L-13m
DWB A- C7H
ACCEPTED FOR PROCESSING - 2019 November 20 10:31 AM - SCPSC - 2000-457-C - Page 2 of 8

November 22, 2000

IN RE: DOCKET NO. 2000-457-C – AM-TEL South Carolina, LLC.

A copy of the Testimony and Exhibits of Eddie Coates and William P. Blume was mailed First-Class postage to the following Parties of Record:

Mr. John D. McLeod
Attorney at Law
Post Office Drawer 30
Winnsboro, SC 29180

Mr. B. Jason Hewett
VP Human Resources
AM-TEL South Carolina, LLC.
Post Office Box 907730
Gainesville, GA 30501

Margaret M. Fox, Esquire
McNair Law Firm, P.A.
Post Office Box 11390
Columbia, SC 29211

pao

ORIGINAL

***Application of
AM-TEL South Carolina, LLC
To Provide Local Exchange
Telecommunications Services***

POSTED
11/30/00
pal

Docket No. 2000-457-C

S. C. PUBLIC SERVICE COMMISSION
RECEIVED
NOV 22 2000
RECEIVED
UTILITIES DEPARTMENT

***Testimony of
William P. Blume
Audit Department***

PUBLIC SERVICE COMMISSION OF SOUTH CAROLINA

1 Q Would you please state for the record your name,
2 business address and position with the Public Service
3 Commission of South Carolina?

4 A My name is William P. Blume. My business address is 101
5 Executive Center Drive, Columbia, South Carolina. I'm
6 employed by the Public Service Commission of South
7 Carolina as an Audit Manager 2.

8 Q. Would you please state your educational background and
9 your experience?

10 A. I received a BS Degree in Business Administration with a
11 major in Accounting from the University of South
12 Carolina in 1972. I am a Certified Public Accountant,
13 certified in the State of South Carolina. I have
14 twenty-five years of experience in the auditing
15 profession. Twenty of those years have involved the
16 ratemaking process.

17 Q. What is the purpose of your testimony involving AM-TEL
18 South Carolina, LLC?

19 A. The purpose of my testimony is to present my findings of
20 the Audit Department's review of the un-audited
21 financial statements that were a part of the filing.
22 Such statements were those of Citizen Reinsurance, LTD.
23 The Reinsurance Company has signed an agreement with the

1 Applicant to provide funding to the applicant. Due to
2 this Agreement for funding, the Applicant attached a
3 copy of the reinsurance company's unaudited December 31,
4 1998 financial statements to its filing.

5 Q. Would you please present your findings to the
6 Commission?

7 A. Yes I will. The Staff reviewed the statements of
8 Citizens Reinsurance. Such statements were not audited
9 but were compiled by a Certified Public Accounting firm
10 located in Gainesville, Georgia. The statements
11 indicated that the Company had enough current assets to
12 more than cover total debt. In fact, such assets were
13 more than 18 times greater than the total debts of the
14 company. Equity was positive and the income statement
15 filed with the statements indicated a profit for the
16 year ending December 31, 1998. In addition, the
17 applicant filed a copy of a page of its checking
18 statement with the Gainesville Bank and Trust. The bank
19 statement page was dated for a settlement date of
20 February 29, 2000. The statement indicated that at that
21 time the Company had over \$269,000 dollars in its
22 account. Without any further information, it is
23 impossible to determine what that really means since the

1 Staff does not know what checks may be outstanding or
2 what the Applicant's balance sheet as a whole may look
3 like.

4 Q. Do you have an assessment of this applicant's financial
5 position based on the financial statements filed with
6 the application?

7 A. Yes I do. As with any new company, AM-TEL is going to
8 need capital in order to operate. The Applicant has
9 stated that it has entered into a funding agreement with
10 another company, Citizens Reinsurance. The financial
11 statements filed showing the financial position of
12 Citizens Reinsurance are some two years old. Due to this
13 some financial matter could have affected the Company's
14 financial position in the last two years and would not
15 be known due to the age of the filed statements. I
16 would suggest that the Applicant file with the
17 Commission a more current set of financial statements
18 for Citizens Reinsurance and also one for AM-TEL. The
19 Applicant must have a balance sheet in order to have set
20 up its operations and to have incorporated. The Staff
21 would like to reserve the right to review such up-dated
22 statements and provide comments at the hearing.

23 Q. Does this conclude your testimony?

1 A. Yes it does.

2

3

4

5